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USAID/DCHA/AA FOR WGARVELINK, LROGERS
DCHA/OFDA FOR GGOTTILIEB, CGOTTSCHALK, ATRACY, KCHANNELL
DCHA/FFP FOR JDWORKEN, JDRUMMOND, TANDERSON, TMACRAE
AFR/EA FOR JBORNS, SMCCLURE
ROME FOR FODAG
GENEVA FOR NKYLOH
BRUSSELS FOR PLERNER
NSC FOR JMELINE

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SUBJECT: BI-LATERAL MEETING BETWEEN USAID/REDSO/FFP AND
WFP OPERATIONS DIVISION KAMPALA (WFP/ODK).

11. Summary: On May 3, 2006, USAID/REDSO/FFP and the regional WFP Operations Division Kampala (WFP/ODK) held their third annual bi-lateral meeting. These annual meetings are designed to provide a forum for each party to discuss topics of mutual concern in managing the nearly 1.6 million MTs of Title 2 food aid that are programmed in the East and Central Africa region every year. Discussions centered on new developments within

each organization, Food for Peace and WFP; logistics clusters, regional pipeline and procurement; WFP country programs in the Great Lakes, the Democratic Republic of Congo, Eritrea, Djibouti and Somalia. Specific follow-up action points of the meeting follow.

Highlighted Changes in USAID and WFP/ODK

12. REDSO/FFP Director and WFP/ODK Director highlighted significant changes in their respective organizations. USAID shared the following:

New USAID Administrator and closer programming with the U.S. Department of State.

New model of coordination between USAID and the U.S. Department of Defense.

New Food for Peace Director and REDSO East Africa Mission Director.

Famine Fund projects for the Horn of Africa combating Cassava Mosaic Disease and Banana Wilt in Central and East Africa.

The imminent establishment of additional pre-position facilities for processed products in the region.

13. WFP/ODK shared the following highlights from their side:

The implementation of a joint assessment for the Great Lakes Region PRRO.

The departure of Sudan from the WFP/ODK office for the establishment of its own country office.

Decreased resources for operations in WFP/ODK compared

to the past two years.

Child Hunger Initiative launched in collaboration with UNICEF and the World Bank.

Logistics Clusters

15. Logistics Cluster meetings have been established by WFP at the country level, involving Private Voluntary Organizations (PVOs) and other agencies involved in the movement of commodities (both food and non-food) in order to improve logistics and programming in the region. Food for Peace/East Africa (FFP/EA) expressed their support for this initiative and indicated that it would like to see the effort extended beyond the current six month mandate, and be more institutionalized with permanent personnel dedicated to cluster management. WFP reminded participants that logistic cluster management was not a WFP activity, but rather, they are the lead for a mix of agencies. Financial support for the initiative is lacking, but they are examining the inclusion of a line item in future budgets. WFP noted reserve that the main interest for the cluster is generated by the situation in the Horn of Africa and the main beneficiaries are the PVOs. Once the situation stabilizes, the interest will also subside; a scenario that has been played out in Angola and Somalia. FFP indicated that given the substantial amounts of food aid coming into various countries, this action may be sustainable on the basis of food aid alone, and expand to other commodities as the need arises.

16. The following action points were identified in relation to logistics cluster:

The successes of the cluster should be highlighted by WFP so that donors are inspired to contribute. FFP will liaise with other donors to generate interest and support.

Focus on food aid as a foundation for cluster management. Look into REDSO/FFP's regular meetings with Title II partners as a potential starting point.

Examine the possibility of private sector involvement as a means to fund the mechanism.

WFP to incorporate cluster management as part of their operational budgets.

REGIONAL PIPELINE

17. In a horizon tour, WFP gave pipeline highlights for various countries. Somalia has relatively little other donor support than FFP and that has created some shortfalls. Rwanda and Burundi have insufficient funding to cover the effects of their drought. The regional market was "dry" for quick regional purchases (primarily in Uganda). The Democratic Republic of Congo program has an existing debt of \$6.2 million through the WFP Business Process Review (BPR), so that even if/when contributions come in, they would go towards paying off the debt, and in the interim no further advances can be made.

18. WFP indicated that a total of 1.6 million MTs were projected for 2006. Given the current situation in the Horn of Africa, that estimate has increased to 2.1 million MTs, representing 39 percent of WFP's global food aid budget. The USG's Continuing Resolution often forces FFP to disburse funds late. Because no other donor can match FFP's contribution, pipelines in the region are often deeply affected.

19. Follow up action points in regard to the regional pipeline included:

FFP should attempt to limit the number of Call Forwards and place as many as possible in the first quarter;

FFP should increase the pre-positioning of stocks to avoid breaks and to provide faster response;

Both parties should follow up with the Kenyan

government in regards to a number of stringent controls recently placed on food aid imports.

PROCUREMENT

¶10. WFP shared that there is a good history of procurement in Uganda where 210,000 MTs were procured in 2005. However, in the current situation, local markets have been depleted by drought in neighboring countries and food commodities flowing to Rwanda, Kenya and Tanzania. This has led to little food availability in the market as well as higher prices. WFP indicated that they do not issue small tenders to discourage traders from going to the local market and buying out the local supply. WFP cannot buy large quantities as the available food is in the hands of three to four traders offering little competition. FFP shared that there is discussion in Washington to allow a limited cash disbursement of up to 25% of FFP's annual budget for local or regional procurement, while increased pre-positioning of stocks would alleviate the need for cash disbursements for quick purchase.

¶11. There was a lively exchange regarding the flexibility of using cash as well as in-kind food contributions. WFP indicated that they do not want to appear to be clamoring for cash when their capacity and the local market conditions may not allow for prompt delivery, as is currently the case in Uganda. They recommended that decisions on "cash versus food" should be done based on proper research given the availability of each.

ERITREA

¶12. WFP provided an extensive historical overview of the current complicated situation in Eritrea. In short, there are 68,000 MTs of food aid warehoused in Eritrea

that the government will not allow WFP to access. WFP estimates that 47,000 MTs risks expiring within the next three months. Apart from 7,000 MTs that were distributed by CRS, the government will not allow targeted distributions to occur and has indicated that it wants the current stocks to be absorbed into their current food security program. Meanwhile, WFP's 100 plus staff are sitting idle since no distributions are occurring. The running costs of the program leave WFP with limited options regarding a continued presence in Eritrea. However, at the same time, closing the operation is just as costly with the payment of separation allowances. WFP shared that the population has limited options as well: trade has been restricted; there is limited cash in the economy; female-headed households work as cooks in military barracks; there has been a 20 percent cattle loss due to the lack of fodder, etc. The WFP/ODK Director is scheduled to visit Eritrea in mid May in another attempt to find resolution to the issues faced by WFP.

PRRO: Democratic Republic of Congo and the Great Lakes

¶13. Donors have recently requested that the PRROs in the Democratic Republic of Congo (DRC) and the Great Lakes Region be re-assessed to better reflect current situations that would have direct bearing on food aid programming in-country. In the case of the DRC PRRO, FFP expressed concerns that though most of the analysis was good, it seemed to be "rubber stamped", and expressed their interest to be included in the process much earlier. Further, the upcoming elections and its outcome should be reflected in the final document. Though WFP contends that the PRROs are designed with enough flexibility to reflect key events as they occur, they concurred with the need to delay its final presentation to the WFP Executive Board scheduled for November 2006. REDSO/FFP opined that the PRRO should be

extended for an entire year in order to conduct a proper assessment, similar to the one recently completed for the Great Lakes PRRO and to allow sufficient time to adjust for fall-out from the July elections.

¶14. The findings of the Great Lakes PRRO assessment were presented to REDSO/FFP in April 2006. The draft of the assessment is expected to be available by mid-May, ¶2006. It is expected that the recommendations will guide the next steps of Great Lakes PRRO and may mean the disbanding of the regional program and shifting to individual country programs to be presented at the November 2006 WFP Executive Board meetings.

DJIBOUTI, SOMALIA, FAMINE FUND, NEXT MEETING

¶15. The Djibouti government has expressed its desire handle food distributions directly and would like rice instead of the wheat flour that has been provided these past 10 years. WFP provided insight that it is likely that this move has political undertones in light of the upcoming elections. Rice is the preferred commodity of the urban areas while wheat is most preferred in the rural areas. Though the strategic interests of the country are well known, WFP requested that FFP be mindful that once rice is distributed, it will be difficult to have them accept wheat flour again.

¶16. FFP briefed WFP on the Famine Fund which is a regional initiative of USAID to combat Cassava Mosaic Disease and Banana Wilt in Tanzania, Rwanda, Burundi, Uganda, eastern DRC and western Kenya. The \$5 million dollar grant will be managed by Catholic Relief Services. REDSO/FFP envisions food aid as a support activity for this initiative and invites WFP to attend the regional planning conference in Rwanda in June.

SUMMARY CONCLUSIONS

¶17. The summary of conclusions are as follows:
On logistics clusters: FFP encourages WFP to identify means to sustain and institutionalize the forum. Possibly through multi-donor food aid funding as the basis for organization with flexibility to include non food items as the demand arises; the encouragement of private sector involvement; wider donor awareness.

On regional pipeline: the number of FFP Call Forwards should be limited and the pre-positioning of food stocks in the region should be increased.

On local procurement: cash disbursements versus in-kind food aid should be done following adequate research on each individual country's circumstances.

On Eritrea: decisions need to be made on WFP's presence in the country in light of existing staff costs and the stoppage of its operations by the government.

On DRC PRRO: WFP should examine the possibility of extending the DRC PRRO for one year as opposed to the current six month planned.

On Great Lakes PRRO: WFP is to share the final draft of the Great Lakes PRRO assessment when it becomes available and should also involve donors in future planning for the Great Lakes.

On Djibouti: The Djibouti government should be discouraged from requesting a change from wheat to rice as rice is mainly the preference of the urban populations that are ultimately less food insecure.

On WFP/ODK and REDSO/FFP bilaterals: that the next meeting should be scheduled for September 2006, in Nairobi.

